196 (Ö. <b>Auc</b>	<sub>2/06)</sub> litin	ig F	ent of Treasury  Procedures Re 2 of 1968, as amended an		, as amended.			
Loca	Unit	of Gov	ernment Type			Local Unit Nan	ne	County
	ount		☐City ☐Twp	□Village	⊠Other	WEXFORE	COUNTY ROAD COMMISSION	WEXFORD
	il Yeai /31/0			Opinion Date 02/23/06			Date Audit Report Submitted to State 06/06/06	
	ffirm			02/20/00			00/00/00	
	,		d public accountants	licensed to n	ractice in M	ichigan		
			•	•		•	sed in the financial statements, includir	ng the notes, or in the
			etter (report of com					ig the hotel, of in the
	YES	9	Check each applic	able box bel	ow. (See in	structions for	further detail.)	
1.	X			nent units/fund	ds/agencies	of the local u	unit are included in the financial statement	ents and/or disclosed in the
2.	×						nit's unreserved fund balances/unrestroudget for expenditures.	icted net assets
3.	×		The local unit is in	compliance wi	th the Unifo	rm Chart of A	accounts issued by the Department of	Treasury.
4.	X		The local unit has a	dopted a bud	get for all re	quired funds		
5.	×		A public hearing on	the budget w	as held in a	ccordance w	ith State statute.	
6.	×		The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.					
7.	×		The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.					
8.	X		The local unit only holds deposits/investments that comply with statutory requirements.					
9.	X		The local unit has r Audits of Local Unit	no illegal or un ts of Gove <i>rnm</i>	authorized ent in Michi	expenditures igan, as revis	that came to our attention as defined i ed (see Appendix H of Bulletin).	n the <i>Bulletin for</i>
10.	X		that have not been	previously cor	mmunicated	to the Local	ement, which came to our attention during Audit and Finance Division (LAFD). If under separate cover.	
11.	×		The local unit is fre	e of repeated	comments t	from previous	s years.	
12.	X		The audit opinion is	UNQUALIFIE	ED.			
13.	×		The local unit has of accepted accounting			r GASB 34 as	s modified by MCGAA Statement #7 ar	nd other generally
14.	×		The board or cound	cil approves al	Il invoices p	rior to payme	nt as required by charter or statute.	
15.	×		To our knowledge,	bank reconcil	iations that	were reviewe	ed were performed timely.	
incl des	uded cripti	in t on(s	his or any other aud ) of the authority and	dit report, nor I/or commissio	do they ol on.	btain a stand	operating within the boundaries of the l-alone audit, please enclose the name	
			gned, certify that this		<del></del>			
We	hav	e en	closed the followin	g:	Enclosed	Not Require	ed (enter a brief justification)	
Fin	ancia	al Sta	itements					
The letter of Comments and Recommendations			s 🗆	NO COM	MENTS AND RECOMMENDATIONS N	IEEDED		
Oth	er (D	escrib	e)					
Cert	ified P	ublic	Accountant (Firm Name)		. 1	1	Telephone Number	
BE	RTI	HIAL	JME & COMPANY	CPAs			989-791-1555	

City

KENNETH A BERTHIAUME

Printed Name

**SAGINAW** 

Street Address

**60 HARROW LANE** 

Authorizing CPA Signature
The with a Benthame

State

MI

Zip

License Number 8339

48638

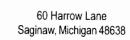
Boon, Michigan

# FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH REPORT OF CERTIFIED PUBLIC ACCOUNTANT

Year Ended December 31, 2005

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#### INDEPENDENT AUDITORS' REPORT

Honorable Chairman Members of County Road Commission County of Wexford Boon, Michigan

We have audited the accompanying basic financial statements of the Wexford County Road Commission, a component unit of Wexford County, Michigan, as of and for the year ended December 31, 2005, as listed in the table of contents. These basic financial statements are the responsibility of the Road Commission. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the Wexford County Road Commission as of December 31, 2005, and the budgetary comparisons of the County Road Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the united States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Wexford County Road Commission's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 23, 2006

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#### MANAGEMENT'S DISCUSSION & ANALYSIS

#### **USING THIS ANNUAL REPORT**

The Wexford County Road Commission's discussion and analysis is designed to: a) assist the reader in focusing on significant financial issues; b) provide an overview of the Road Commission's financial activity; c) identify changes in the Road Commission's financial position (its ability to address the next and subsequent year challenges); d) identify any material deviation from the approved budget; and e) identify any issues or concerns.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts; management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an additional section that presents the operating fund broken down between primary, local and county road funds. The basic financial statements include two kinds of statements that present different views of the road commission.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the Road Commission's overall financial status. These statements report information about the Road Commission as a whole, using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when the cash is received or paid. The two government-wide statements report the Road Commission's net assets and how they have changed.

The remaining statements are fund financial statements that focus on the individual funds, reporting the operations in more detail than the government-wide financial statements.

#### REPORTING THE ROAD COMMISSION AS A WHOLE

The statement of Net Assets and the Statement of Activities report information about the Road Commission, as a whole, and about its activities in a way that helps answer the question of whether the Road Commission, as a whole, is better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

The two statements mentioned above, report the Road Commission's net assets and changes in them. The reader can think of the Road Commission's net assets (the difference between assets and liabilities) as one way to measure the road commission's financial health or financial position. Over time, increases and decreases in the Road Commission's net assets are one indicator of whether its financial health is improving or deteriorating.

#### MANAGEMENT'S DISCUSSION & ANALYSIS

#### REPORT ON THE COMMISION'S MAJOR FUND

The fund financial statements begin on page ten and provide detailed information about the major fund. The Road Commission currently has one fund, the County Road Fund, in which all of the Road Commission's activities are accounted. The County Road Fund is a governmental type fund.

#### Governmental Fund:

The governmental fund focuses on how money flows into and out of this fund and the balances that are left at year end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Road Commission's general governmental operations and the basic service it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Road Commission's services. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental fund in a reconciliation following the fund financial statements.

#### THE ROAD COMMISSION AS A WHOLE

The Road Commission's net assets increased approximately 5.88% or \$1,462,810 from \$24,881,769 to \$26,344,579 for the year ended December 31, 2005. The net assets and change in net assets are summarized below.

Restricted net assets, those restricted mainly for Act 51 purposes, increased \$321,163. The investment in capital assets-net of related debt increased by \$1,141,637, this increase reflects an investment in new capital assets, i.e. road improvements and equipment purchases greater than the expenses associated with capital assets such as depreciation as well as an increase in related debt for the year.

#### **CONDENSED FINANCIAL STATEMENTS**

The following are condensed government-wide financial statements for Wexford County Road Commission.

#### CONDENSED STATEMENT OF NET ASSETS

December 31, 2005 and 2004

	Governmental Activities 2005	Governmental Activities 2004
ASSETS:		
General fund assets	\$ 2,600,472	\$ 2,296,696
Capital assets	25,351,241	23,758,928
Total assets	27,951,713	26,055,624
LIABILITIES:		
General fund liabilities	1,069253	1,086,640
Liabilities associated with long-term debt	537,891	87,215
Total liabilities	1,607,144	1,173,855
NET ASSETS:		
General fund net assets-		
restricted for County roads	1,531,219	1,210,056
Invested in capital assets—		
net of related debt	24,813,350	23,671,713
Total net assets	<u>\$ 26,344,569</u>	<u>\$ 24,881,769</u>

## CONDENSED STATEMENT OF ACTIVITIES

For the years ended December 31, 2005 and 2004

REVENUE:	(	Governmental Activities 2005	Governmental Activities 2004
Program Revenue:			
License and Permits	\$	9,356	\$ 10,452
Federal and State revenue		4,860,113	4,927,745
Contributions from local units		703,113	112,071
Charges for services		1,763,069	1,754,150
Other	_	240,752	508,795
		7,576,403	7,313,213
General Revenue:			
Investment earnings		23,102	9,617
Sale of fixed assets		118,526	101,945
Total revenue	_	7,718,031	7,424,775
EXPENSES:			
Primary maintenance		657,226	669,479
Local maintenance		2,010,398	2,440,218
State trunkline maintenance		1,536,168	1,473,088
Infrastructure Depreciation		1,396,814	1,944,461
Net equipment expense		320,865	113,414
Net administrative expense		321,993	287,714
Interest Expense		11,757	5,939
Total expenses	_	6,255,221	6,934,313
Change in net assets		1,462,810	490,462
Net assets, beginning of year		24,881,759	24,391,307
Net assets, end of year	\$	26,344,569	\$24,881,769

#### **THE ROAD COMMISSION'S FUND**

The Road Commission's County Road Fund is used to control the expenditures of Michigan Transportation Fund monies, distributed to the county, which are earmarked by law for road and highway purposes.

For the year ended December 31, 2005, the fund balance of the County Road Fund increased by \$321,163 which was not considered significant by management.

Management believes that the Net Assets balance provides sufficient work capital to support future operations of WCRC.

#### **BUDGET**

The Wexford County Road Commission's budget is prepared in accordance with state law using the modified accrual accounting basis. This is the same accounting basis used for the governmental fund.

#### ANALYSIS OF FUND BALANCES

#### ORIGINAL BUDGET VERSUS AMENDED BUDGET:

The 2005 budget was adopted on December 22, 2004. The budget is reviewed periodically and amended as information becomes available or management's plans change. The amended budgeted revenue was increased by approximately \$93,000. The increase was from adjustments made to several individual revenue items, none of which management considers significant.

Total budgeted expenditures increased from the original budget to the amended budget by approximately \$281,000. The majority of this increase is also due to the Road Commission's decision to pay for the current year local heavy maintenance projects with current funding, and borrow \$298,000 less than budgeted. The balance of the increase was from adjustments made to several individual expenditures items, none of which management considers significant.

#### AMENDED BUDGET VERSUS ACTUAL:

In accordance with the Budget Resolution adopted by the Road Commission on December 22, 2005, the Finance Director has modified the budget to various revenue and expenditures accounts which cannot be accurately projected prior to year end. As a result, the Final Adopted Budget of the Wexford County Road Commission has been amended to equal the actual revenue, expenditures, and fund balance for the year ended December 31, 2005.

#### CAPITAL ASSETS AND LONG-TERM DEBT

#### **CAPITAL ASSETS:**

WCRC has capital assets for full accrual accounting purposes, net of accumulated depreciation, in the amount of \$25,351,241. This information, which includes infrastructure, is summarized below.

	<u>2005</u>	<u>2004</u>
Land	\$ 34,795	\$ 35,170
Land improvements	248,029	248,029
Buildings and improvements	2,444,091	2,444,091
Road equipment	6,490,689	5,901,707
Other equipment	440,624	505,946
Infrastructure and improvements	 32,660,357	 29,670,000
Total capital assets	42,318,585	38,804,944
Accumulated depreciation	 (16,967,344)	 (15,046,016)
Net capital assets	\$ 25,351,241	\$ 23,758,928

Additional information regarding capital assets is located in the Notes to the Financial Statements.

#### **LONG-TERM DEBT:**

The Road Commission currently has long-term debt in the amount of \$782,794, an increase of \$453,114 from the prior year. This increase is primarily due to the issuance of \$500,000 of Michigan Transportation Fund Notes. The proceeds of these notes were used to fund road improvement projects within the county and be retired with local unit contributions. The remainder of the long-term debt consists of two installment purchase contracts and compensated absences payable at December 31, 2005.

#### **OTHER**

Management is not aware of any currently known facts, decisions, or conditions expected to have a significant effect on Wexford County Road Commission's financial condition next year and beyond.

#### **CONTACTING THE ROAD COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the motoring public, citizens and other interested parties a general overview of the Road Commission's finances and to show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Wexford County Road Commission administrative offices at 85 W. Highway M-15, Boon, MI 49618.

## STATEMENT OF NET ASSETS

December 31, 2005

ASSETS:		
Cash and Equivalents	\$	363,721
Accounts Receivable: Michigan Transportation Fund State trunkline maintenance Due on County Road Agreements Sundry accounts		596,824 238,332 650,361 85,019
Inventories:  Road materials  Equipment parts and materials		398,931 267,284
Capital assets (net of accumulated depreciation)		25,351,241
Total assets		27,951,713
LIABILITIES:		
Current Liabilities: Accounts payable Due to State of Michigan Accrued liabilities Deferred Revenue: Forest Road funds Current Portion: Notes payable Installment purchase contracts payable Compensated absences payable Total current liabilities		126,526 1,715 78,445 175,719 100,000 34,791 24,823 542,019
Non-Current Liabilities: Advance from State Compensated absences payable Notes payable Installment purchase contracts payable Total non-current liabilities Total liabilities		441,945 220,080 400,000 3,100 1,065,125 1,607,144
NET ASSETS:		
Investment in capital fixed assets – net of related debt Restricted for County roads		24,813,350 1,531,219
Total net assets	<u>\$ 2</u>	<u> 26,334,569</u>

The Notes to Financial Statements are an integral part of this statement.

## STATEMENT OF ACTIVITIES

PROGRAM EXPENSES:		
Primary road maintenance	\$	657,226
Local road maintenance		2,010,398
State trunkline maintenance		1,536,168
Net equipment expense		320,865
Net administrative expense		321,993
Infrastructure depreciation		1,396,814
Interest expense		11,757
Total program expenses		6,255,221
PROGRAM REVENUE:		
License and permits		9,356
Federal grants		733,116
State grants		4,126,997
Contributions from Local Units		703,113
Charges for services		1,763,069
Contractor developments		218,000
Other revenues		22,752
Total program revenue		7,576,403
Net program revenue		1,321,182
GENERAL REVENUE:		
Investment earnings		23,102
Gain on disposal of assets		118,526
Total general revenue		141,628
Change in net assets		1,462,810
Net assets, beginning of year	_	24,881,759
Net assets, end of year	<u>\$</u>	<u>26,344,569</u>

#### COUNTY ROAD FUND

## **BALANCE SHEET**

For the Year Ended December 31, 2005

ASSETS:		
Imprest cash	\$	400
Checking and money market savings accounts	·	363,321
Accounts Receivable:		,-
Motor vehicle highway funds		596,824
State trunkline maintenance		238,332
Due on County road agreements		650,361
Due from Village		•
Sundry accounts receivable		85,019
Inventories:		
Equipment materials and parts		398,931
Road materials		267,284
Total assets	\$	2,600,472
LIABILITIES:		
Accounts payable	\$	126,526
Due to State of Michigan	Ψ.	120,020
Contracts payable		1,715
Accrued payroll		78,445
Advances Payable to State of Michigan		, ,, , , ,
Equipment purchase advance		343,644
State trunkline maintenance advance		98,301
Other – accrued vacation and sick leave		244,903
Deferred revenue EDF Forest Rd.		175,719
Total liabilities		1,069,253
FUND EQUITY:		
Motor Vehicle Highway Funds:		
Unreserved:		
Designated:		
Primary		536,478
County Road Commission Fund:		,
Unreserved:		
Undesignated		994,741
Total fund equity	_	1,531,219

The Notes to Financial Statements are an integral part of this statement.

Total liabilities and fund equity

2,600,472

## RECONCILIATION OF THE BALANCE SHEET FUND BALANCE TO THE STATEMENT OF NET ASSETS

For the Year Ended December 31, 2005

Total governmental fund balance

\$ 1,531,219

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

25,351,241

Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the fund. Long-term liabilities at year end consist of the following:

Notes payable Installment purchase contracts payable

(500,000)(37,891)

Net assets of governmental activities

\$ 26,344,569

**REVENUES:** 

Licenses and permits

Other Financing Sources

#### COUNTY ROAD FUND

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2005

9,356

Federal grants	733,116
State grants	4,126,997
Local unit contributions	703,113
Charges for services	1,763,069
Interest and rents	23,102
Other revenues	141,653
Total revenues	7,500,406
EXPENDITURES:	
Public works	7,619,015
Capital outlay	(854)
Debt service	61,082
Total expenditures	7,679,243
Excess (deficiency) of revenues over expenditures	(178,837)

Proceeds from notes 500,000

Total Other Financing Sources 500,000

Excess(deficiency) of revenues and other financing sources over expenditures 321,163

Fund balance, beginning of year 1,210,056

Fund balance, end of year \$1,531,219

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net change in fund balance – total governmental funds	\$	321,163
Amounts reported for governmental activities in the statement are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated		
useful lives as depreciation expense. This is the amount by which capital outlays exceeded deprecation in the current period.		1,592,698
Equipment retirement is recorded as an expenditure credit in governmental funds, but not recorded as an expense in the Statement of Activities.		(375)
Note proceeds provide current financial resources to governmental funds, but entering into a note agreement increases long-term liabilities in the statement of net assets.		(500,000)
Repayment of installment purchase contracts payable is an expenditure in the governmental funds, but reduces the long-term liabilities in the Statement of Net Assets. This is the amount of repayments reported as expenditures in the		
governmental funds.		49,324
Change in net assets of governmental activities	<u>\$</u>	1,462,810

#### NOTES TO FINANCIAL STATEMENTS

December 31, 2005

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Wexford County Road Commission conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the significant accounting policies used by the Wexford County Road Commission.

#### A. REPORTING ENTITY

The Wexford County Road Commission is an independent governmental agency operated under the jurisdiction of the State of Michigan and Wexford County established pursuant to the *County Road Law MCL 224.1*. The Commission is charged with the responsibility of maintaining all primary and local road systems in Wexford County. The Road Commission is governed by a three member board appointed by the County Board of Commissioners.

In accordance with the provisions of GASB 14, the Wexford County Road Commission is considered a component unit of Wexford County for financial reporting purposes. The criteria for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service and special financing relationships.

The Road Commission Operating Fund (County Road Fund) is used to control the expenditures of Michigan Transportation Fund moneys distributed to the County, which are earmarked by law for street and highway purposes. The Board of County Road Commissioners is responsible for the administration of the County Road Fund. The Road Commission may not issue debt without the County's approval and property tax levies are subject to County Board of Commissioners' approval.

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the activities of the Wexford County Road Commission. There is only one fund reported in the government-wide financial statements.

The Statement of Net Assets presents the Road Commission's assets and liabilities with the difference being reported either as invested in fixed assets, net of related debt, or restricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers of applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenue.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued**

Separate financial statements are provided for the County Road Fund (governmental fund). The County Road Fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Major individual governmental funds are reported in separate columns in the fund financial statements.

# C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue include: charges to customers or applicants for goods or services or privileges provided, Michigan Transportation Funds (MTF), State and Federal contracts, contributions from local units and others.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims, and judgments are recorded only when the payment is due.

Michigan transportation funds, grants, permits, township contributions, charges for services and sales, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other items are considered to be available only when cash is received.

#### D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

#### **Cash and Cash Equivalents:**

The Road Commission's cash and cash equivalents are considered to be cash on hand, demand deposits including certificates of deposit, and short-term investments with original maturities of three months or less from date of acquisition.

State statutes authorize the Road Commission to invest in U.S. government obligations, certificates of deposit, commercial paper, repurchase agreements, banker's acceptances, and with some restrictions, mutual funds.

All investments, if any, are stated at fair value.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

#### **Inventories:**

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventory consists of road materials, road signs, repair parts, and supplies to be used by the Road Commission.

#### **Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items) are reported in the government-wide financial statements. The Wexford County Road Commission defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

GASB No. 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated since fiscal years ending after June 30, 1980 be inventoried and capitalized. The Wexford County Road Commission has retroactively capitalized all of its assets as required effective January 1, 2003.

#### **Depreciation and Depletion:**

Depreciation has been computed over the assets estimated useful lives using the sum-of-the-years-digits method for road equipment and the straight-line method for all other assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	10 to 50 years
Road Equipment	5 to 8 years
Shop Equipment	10 years
Engineering Department	10 years
Office Equipment	5 to 10 years
Infrastructure – Roads	5 to 20 years
Infrastructure – Bridges	25 to 50 years

Depletion is determined by allocating the purchase cost of the total years available. As materials are used, the proportionate share of cost is charged to depletion.

#### **Long-Term Obligations:**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

#### **Compensated Absences (Vacation and Sick Leave):**

The total accumulated unpaid vacation and sick pay liability of the Road Commission at December 31, 2005, was \$244,903. Of this amount, \$24,823 was estimated to be a current liability and is reflected as a liability on the government-wide statement of net assets. The remaining \$220,080 was determined to be a long-term liability and is therefore reflected as a non-current liability on the government-wide statements. A liability for these amounts is only reported in the governmental funds for known employee terminations as of year-end.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

#### **Fund Equity:**

The Road Commission reserves those portions of fund equity which are legally segregated for a specific future use of which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves have been established for inventories.

#### **Snow Removal Revenue:**

Snow removal revenue was allocated 100% to local roads. This allocation is in accordance with provisions made by the State Highway Department allowing each Road Commission to make its own allocation of total snow removal revenue.

#### **Interest Income Allocation:**

Interest income for the year was allocated 84% to County Road Commission Funds and 16% to Primary Road Funds based on beginning fund balance (before restatement) allocated to each subaccount.

#### **Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. BUDGET AND BUDGETARY ACCOUNTING

The Road Commission follows these procedures in establishing the budget as reflected in these financial statements:

- 1. In December the clerk-finance director submits, to the Commission, a proposed operating budget for the year commencing on January 1.
- 2. Prior to December 31, the budget is legally enacted through passage of a resolution.
- 3. For purposes of meeting emergency needs of the Road Commission, transfer of appropriations may be made by the authorization of the clerk. Such transfers of appropriations must be approved by the Commission at its next regularly scheduled meeting.
- 4. The clerk is charged with general supervision of the budget.
- 5. During the year the budget is monitored and amendments to the budget resolution are made as deemed necessary.
- 6. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, continued

#### **B. BUDGET COMPLIANCE**

Public Act 2 of 1968, as amended, requires budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. For the year ended December 31, 2005 the Road Commission incurred no expenditures in excess of budget appropriations.

#### **NOTE 3 – CASH AND CASH EQUIVALENTS**

Deposits are carried at cost. Deposits of the County Road Fund are in three banks in the name of the Road Commission and the County Treasurer. Michigan Compiled Laws, Section 129.91, authorizes the Road Commission to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase, and which involves no more than 50% of any one fund; and obligations of the State of Michigan or its political subdivisions which are rated as investment grade. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Road Commission has adopted the County's investment policy, which is in accordance with the provisions of *Public Act 20 of 1943*, as amended.

At year end the Road Commission did not have any investments, all the cash deposits and \$400 in petty cash were reported as Cash and Equivalents in the basic financial statements.

The Road Commission's deposits are subject to custodial credit risk, which is examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits:**

Custodial credit risk is the risk that in the event of a bank failure, the Road Commission's deposits may not be returned to it. The Road Commission does not have a deposit policy for custodial credit risk. At year end, the Road Commission had \$384,530 of bank deposits (checking, and money market savings accounts), of which \$300,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Road Commission believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, is impractical to insure all deposits. As a result, the Road Commission evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### **NOTE 4 – DEFERRED COMPENSATION PLAN**

The Commission offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The Road Commission does not contribute to the Plan.

#### **NOTE 5 – CAPITAL ASSETS**

Capital asset activity of the Wexford County Road Commission for the current year was as follows:

	Beginning Balances 01/01/05	Additions	Deductions	Ending Balances 12/31/05
Capital Assets Not Being Depreciated				
Land and Improvements-Infrastructure	\$ 6,300,794	\$ 1,065,410	\$	\$ 7,366,204
Land and Improvements-Other	35,170	·	375	34,795
•	6,335,964	1,065,410	375	7,400,999
Capital Assets Being Depreciated				
Land and Improvements	177,637	_	-	177,637
Depletable Assets	70,392	_	-	70,392
Buildings	2,444,091	-	-	2,444,091
Road Equipment	5,901,707	623,899	34,917	6,490,689
Shop Equipment	366,314	3,299	45,050	324,563
Office Equipment	99,702	6,838	30,409	76,131
Engineers Equipment	39,930	-	-	39,930
Infrastructure – Bridges	3,885,549	86,697	-	3,972,246
Infrastructure – Roads	19,483,657	1,838,250	_	21,321,907
Subtotal	32,468,979	2,558,983	110,376	34,917,586
Less Accumulated Depreciation				
Land and Improvements	99,528	5,965	_	105,493
Depletable Assets	60,518	-	_	60,518
Buildings	1,078,854	70,377	_	1,149,231
Road Equipment	4,542,505	527,706	34,917	5,035,294
Shop Equipment	296,363	21,656	45,050	272,969
Office Equipment	81,728	7,015	30,409	58,334
Engineers Equipment	32,504	2,171	, -	34,675
Infrastructure – Bridges	1,027,222	100,784	=	1,128,006
Infrastructure – Roads	7,826,794	1,296,030	-	9,122,824
Subtotal	15,046,016	2,031,704	110,376	16,967,344
Net Capital Assets Being Depreciated	17,422,963	527,279	-	17,950,242
Total Net Capital Assets	\$ 23,758,927	\$ 1,592,689	\$ 375	\$ 25,351,241

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### **NOTE 5 – CAPITAL ASSETS, continued**

Non-infrastructure depreciation expense for the year was charged to programs of the Wexford County Road Commission as follows:

Primary Road:	
Heavy Maintenance	\$ 429
Maintenance	77,616
Local Road:	
Heavy Maintenance	48,842
Maintenance	289,278
Winter Maintenance	21,952
State Trunkline:	
Maintenance	184,028
Administrative	 12,745
Total non-infrastructure depreciation expense	\$ 634,890

#### **NOTE 6 – PENSION PLAN**

#### **Description of Plan and Plan Assets**

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS), administered by the State of Michigan. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.5 percent times the final average compensation (FAC) with a maximum benefit of 80 percent of FAC. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2004.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 [MSA 5.333(a); MCLA 46.12 (a)], as amended, State of Michigan. MERS is regulated under Act No. 220 of the Public Acts of 1996,

as amended, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 447 North Canal Street, Lansing, Michigan 48917-9755.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### **Funding Policy**

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining unit and personnel policy, which requires both non-administrative employees and administrative employees to contribute at a rate of 2 percent. The Road Commission is required to contribute at an actuarially determined rate; the current rate was 16.67 percent for non-administrative and 26.04 percent for administrative employees.

#### **Annual Pension Cost**

During the fiscal year ended December 31, 2005, the Road Commission's contributions totaling \$313,542 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2003. The employer contribution rate has been determined based on the entry age normal cost method. Under the entry age normal cost method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases.

#### Three Year Trend Information for GASB Statement No. 25

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	313,542	100%	\$0
2004	292,133	100	0
2003	253,914	100	0

#### **NOTE 7 – FEDERAL GRANTS**

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2005, the Federal grants received and expended by the Road Commission was \$678,180 for contracted projects and \$54,936 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. Negotiated projects are projects where the Road Commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to single audit requirements if they expended \$500,000 or more for negotiated projects.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### **NOTE 8 – POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note F, the Road Commission makes available health care benefits to all retired employees who have attained the age of 62. The Road Commission is paying for health insurance for the retired employee only. Health insurance coverage for spouses and/or family members is paid for by the retired employee. Currently, twenty-seven retirees of the Road Commission are participating in this benefit program. During 2005 the Road Commission paid approximately \$152,060 for health insurance premiums for its retirees under this program. The Road Commission's policy is to finance these benefits on a pay-as-you-go basis.

#### **NOTE 9 – CONTINGENCIES**

The Wexford County Road Commission contracts with the State of Michigan to perform state highway maintenance functions for the State. The cost of the maintenance is then billed to the State of Michigan who reimburses the Wexford County Road Commission for the costs incurred. These cost reimbursement contract expenditures are subject to audit at some future date by the State of Michigan. The amount, if any, of expenditures that may be disallowed by the State of Michigan cannot be determined until the State completes its annual audit of its maintenance agreement with the Wexford County Road Commission. The audit adjustment is accounted for as an adjustment of the current year's expenditures.

The Wexford County Road Commission is party to various legal proceedings incidental to its operations. Certain claims, suits and complaints arising in the ordinary course of operations have been filed against the Road Commission. In the opinion of management and legal counsel, all such matters are adequately covered by insurance or, if not so covered, are without merit or are in a very preliminary state, and it is not possible to currently assess the probability of an unfavorable outcome.

## NOTE 10 – EQUIPMENT AND TRUNKLINE MAINTENANCE ADVANCE

The State of Michigan has advanced funds to the Wexford County Road Commission for the purchase of equipment and for trunkline maintenance. Each advance is an annual advance with appropriate adjustments made each year to reflect the current balance based on applicable formula developed by the Michigan Department of Transportation. Because the transaction is an annual advance, the transaction is classified as a liability in the Special Revenue Fund, rather than an item included in Long-Term Debt, in accordance with the instructions of the Local Audit Division of the Michigan Department of Treasury.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### **NOTE 11 – LONG-TERM DEBT**

The following is a summary of the long-term debt transactions for the Road Commission for the year ended December 31, 2005:

	Balance January 1, 2005	Additions	(Reductions)	Balance December 31, 2005	Portion Due Within One Year
GOVERNMENTAL ACTIVITIES	S:				
Installment Purchase Contracts: Cat loader – original issue of \$149,300 due in monthly install- ments of \$2,834.59 through June 16, 2006, bearing interest at 5.25%.	\$ 48,963	\$ -	\$ (32,212)	\$ 16,751	\$ 16,751
Dura Patch Machine – original issue of \$80,050 due in monthly installments of \$1,560.39 through February 15, 2007, bearing interest at 5.292%.	38,252	-	(17,112)	21,140	18,040
Notes Payable: Note Payable - Michigan Transpor Fund - Original issue of \$500,000 in annual installments of \$100,000 through July 1, 2010, plus interest, due semi-annually at 3.1% to 3.5%	due	500,000	_	500,000	108,250
Compensated Absences Payable	242,465	2,438		244,903	24,823
Total Long-Term Debt	\$ 329,680	\$ 502,438	\$ (49,324)	\$ 782,794	\$ 49,711

The annual requirements (principal and interest) to amortize all debts (except vacation and sick) outstanding as of December 31, 2005, are as follows:

Year Ending December 31,	Installment Purchase Contracts	Notes Payable
2006	\$ 34,791	108,250
2007	3,100	113,400
2008	-	110,200
2009	-	106,900
2010		103,500
Totals	\$ 37,891	\$ 542,250

The accumulated vacation and sick leave is not subject to an annual amortization calculation because it will become due and payable in varying amounts from year to year as employees terminate their employment with the Wexford County Road Commission.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2005

#### **NOTE 12 – RISK MANAGEMENT**

The Road Commission is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Road Commission manages its liability and property risk by participating in Michigan County Road Commission Self Insurance Pool and the County Road Association Self Insurance Fund (for workers compensation). These insurance providers are public entity risk pools providing coverage to its members. The Road Commission pays an annual premium to these providers for its insurance coverage. These providers are self-sustaining through member premiums and provide, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based on property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

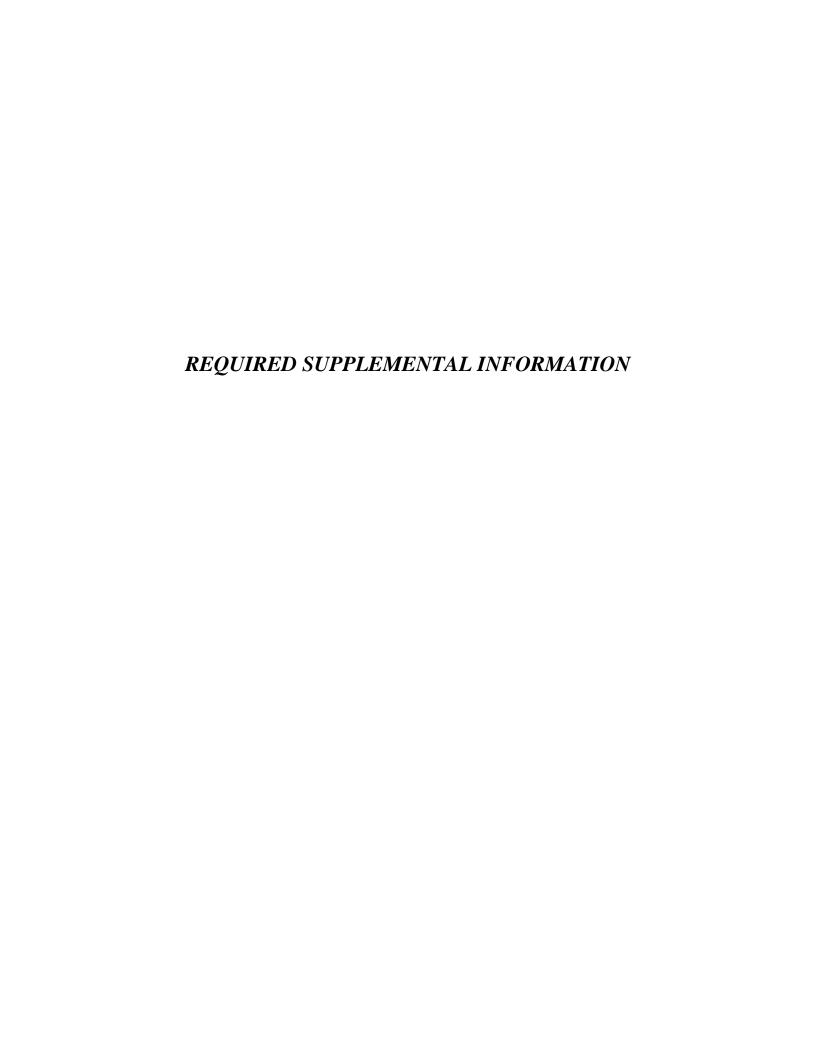
#### **NOTE 13 – DEFERRED REVENUES**

EDF Forest Road revenues	\$ 175,719
Total	\$ 175,719

This is revenue received from the State of Michigan that is required to be spent on roads that benefit the forestry/lumbering industry.

#### **NOTE 14 – UPCOMING REPORTING CHANGE**

The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than the time the health care benefits are paid. The new pronouncement is effective for the year beginning January 1, 2009.



## SCHEDULE OF PENSION PLAN FUNDING PROGRESS

For the Year Ended December 31, 2005

## Required Supplementary Information for GASB Statement No. 27

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
12/31/00 12/31/01 12/31/02 12/31/03 12/31/04	\$ 5,838,631 \$ 5,997,247 5,834,146 5,938,257 6,092,059	7,141,768 \$ 7,681,025 8,211,393 8,434,677 9,026,952	1,303,137 1,683,778 2,377,247 2,496,420 2,934,893	81.75% \$ 78.08 71.05 70.40 67.49	1,386,150 1,440,160 1,560,518 1,518,589 1,579,967	94.01% 116.92 152.34 164.39 185.75

#### COUNTY ROAD FUND

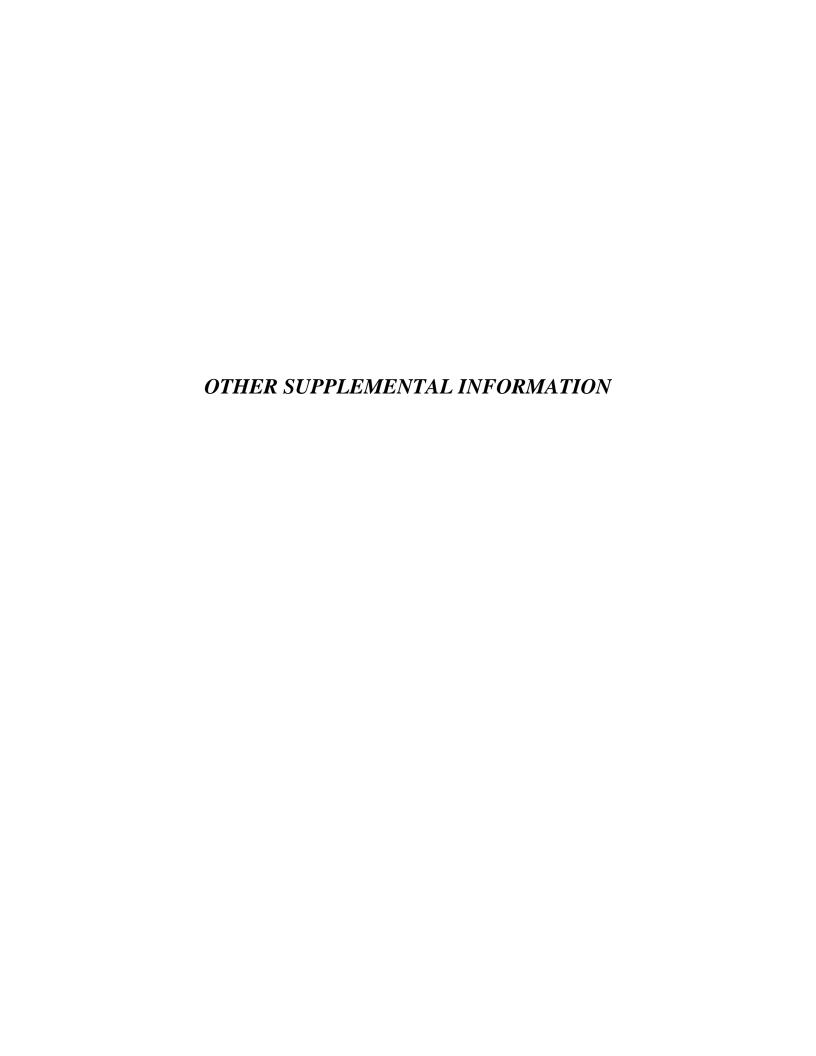
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Licenses & Permits:				
Permits	\$ 10,000	\$ 9,356	\$ 9,356	\$ -
Federal Grants:				
Federal Revenue:				
Surface Transportation Program	204,000	332,654	332,654	-
Minimum Guarantee Funds - D Funds	200,000	145,526	145,526	-
Surface Transportation Program - Safety	200,000	200,000	200,000	-
Forest Road Funds	67,000	54,936	54,936	-
State Grants:				
Michigan Transportation Fund:				
Engineering	10,000	10,000	10,000	-
Snow removal	160,000	173,145	173,145	-
Primary Road	2,015,000	1,999,626	1,999,626	-
Primary Urban Road	81,000	148,084	148,084	-
Local road	1,570,000	1,567,295	1,567,295	-
Local Urban Road	40,000	48,067	48,067	-
Other:				
Forest Road	25,000	25,258	25,258	-
Economic Development Fund:				
Rural Primary - D Funds	100,000	65,522	65,522	-
Forest Road	90,000	90,000	90,000	-
Local Unit Contributions:				
County-Raised Funds:				
City contributions	-	11,522	11,522	-
Township contribution	776,000	691,591	691,591	-
Charges for Services:				
State Revenue:				
State trunkline maintenance	1,200,000	1,181,346	1,282,274	-
State trunkline non-maintenance	60,000	255,641	253,893	-
Local Revenue:				
Salvage sales	3,000	4,663	4,495	-
Sale of Gravel	250,000	222,407	222,407	-
Interest and Rents:				
Interest earned	45,000	23,102	23,102	-
Other Revenues:				
Contributions	3,000	22,123	22,123	-
Sale of Timber	-	629	629	-
Sale of Capital Assets – Gain		118,901	118,901	
Total revenues	7,109,000	7,500,406	7,500,406	-

#### COUNTY ROAD FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL - continued

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES:</b>		3		
Public Works: Primary Road:				
Heavy Maintenance	810,000	892,855	892,855	-
Maintenance	903,000	957,974	957,974	=
Local Road:				
Heavy Maintenance	1,384,000	1,454,904	1,454,904	-
Maintenance	2,606,000	2,134,257	2,134,257	-
State trunkline maintenance	1,200,000	1,282,274	1,282,274	-
State truckline non-maintenance	60,000	253,894	253,894	-
Equipment expense	-	320,864	320,864	-
Administrative expense	287,000	321,993	321,993	-
Capital Outlay:				
Capital outlay	94,000	(854)	(854)	-
Debt Service:				
Interest expense	4,000	11,757	11,757	-
Long-term debt payments	50,000	49,325	49,325	
Total expenditures	7,398,000	7,679,243	7,679,243	
Excess (deficiency) of revenues				
over expenditures	(289,000)	(178,837)	(178,837)	
Other Financing Sources				
Note proceeds	798,000	500,000	500,000	-
Total other financing sources	798,000	500,000	500,000	-
Excess (deficiency) of revenues and other financing sources over expenditures	509,000	321,163	321,163	-
Fund balance - beginning of year	1,210,056	1,210,056	1,210,056	
Fund balance - end of year	\$ 1,719,056 \$	1,531,219 \$	1,531,219	\$ -



#### COUNTY ROAD FUND

## ANALYSIS OF CHANGES IN FUND BALANCES

	 Primary Road Fund	Local Road Fund	County Road Commission Fund	Total
Total operating revenues	\$ 2,990,687 \$	2,568,500 \$	1,941,219 \$	7,500,406
Total expenditures	2,002,092	3,982,379	1,694,772	7,679,243
Excess of revenues over (under) expenditures	988,595	(1,413,879)	246,447	(178,837)
OTHER FINANCING SOURCES (USES):				
Note proceeds	-	500,000	-	500,000
Optional transfers in (out) Primary Road to Local Road County Road Commission to Local Road	(644,313)	644,313 269,566	- (269,566)	-
Total other financing sources (uses)	 (644,313)	1,413,879	(269,566)	500,000
Excess of revenues and other sources over (under) expenditures and other uses	 344,282	-	(23,119)	321,163
Fund balance, January 1, 2005	 192,196	-	1,017,860	1,210,056
Fund balance, December 31, 2005	\$ 536,478 \$	- \$	994,741 \$	1,531,219

#### COUNTY ROAD FUND

## **ANALYSIS OF REVENUES**

	Primary Road	Local Road	County Road Commission	1	
	Funds	Funds	Funds	ı	Total
REVENUES:	 				
Licenses & Permits:					
Permits	\$ -	\$ -	\$ 9,356	\$	9,356
Federal Grant:					
Surface Transportation Program	332,654	_	_		332,654
Minimum Guarantee Funds – D Funds	145,526	_	-		145,526
Surface Transportation Program- Safety	200,000	_	_		200,000
Forest Road Funds	-	54,936	-		54,936
State Grants:					
Motor Vehicle Highway Revenue:					
Engineering	5,606	4,394	-		10,000
Snow removal	-	173,145	-		173,145
Primary road	1,999,626	-	-		1,999,626
Primary urban road	148,084	-	-		148,084
Local road	-	1,567,295	-		1,567,295
Local urban road	-	48,067	-		48,067
Other:					
Forest Road Funds	_	_	25,258		25,258
Economic Development Fund:			,		,
Rural Primary – D Funds	65,522	_	_		65,522
Forest Road Funds	90,000	_	_		90,000
Local Unit Contributions:	,				,
City contributions		11,522	_		11,522
Township contributions	_	691,591	_		691,591
Charges for Services:		,			,
State Revenue:					
State trunkline maintenance	_	_	1,282,274		1,282,274
State trunkline non-maintenance	_	_	253,893		253,893
Local Revenue:			,		,
Salvage sales	-	-	4,495		4,495
Sale of gravel	-	-	222,407		222,407
Interest and Rents:					
Interest earned	3,669	-	19,433		23,102
Other Revenues:					
Contributions	-	17,550	4,573		22,123
Sale of timber	_	-	629		629
Sale of capital assets - gain	-	-	118,901		118,901
Total revenues	\$ 2,990,687	\$ 2,568,500	\$1,941,219	\$	7,500,406

#### COUNTY ROAD FUND

## **ANALYSIS OF EXPENDITURES**

		Primary Road Funds	S	Local Road Funds	County Road Commission Funds	Total
EXPENDITURES:						
Public Works: Primary Road: Heavy maintenance Maintenance	\$	892,855 957,974	\$	- -	\$ <del>-</del>	\$ 892,855 957,974
Local Road: Heavy maintenance Maintenance		-		1,454,904 2,134,257	-	1,454,904 2,134,257
State trunkline maintenance State trunkline non-maintenance		-		-	1,282,274 253,894	1,282,274 253,894
Equipment expense - net		41,712		180,775	98,377	320,864
Administrative expense - net		109,551		212,442	-	321,993
Capital Outlay: Capital outlay - net		-		-	(854)	(854)
Debt Service: Interest expense Debt payments	_	- -		- -	11,757 49,325	11,757 49,325
Total Expenditures	\$	2,002,092	\$	3,982,379	\$ 1,694,772	\$ 7,679,243